



Irish Life says two thirds of people do not know thresholds

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Irish Life says that 84% of people do not know what the inheritance tax rate is, and half think that their family home is totally exempt from inheritance tax.

According to a survey carried out by the insurer, despite record levels of wealth and an ageing population, people in Ireland aren't properly planning for how they will pass on their wealth after they die.

The results show that 20% of over-55s expect to leave over €500,000 and a quarter of over-65s expect to leave the same amount to their families. This contrasts with the 'squeezed middle' generation, where just 7% of 35-54 year olds expect to leave more than €500,000 to their families. Almost half (47%) of people plan to leave more than €100,000.

"There is a widespread lack of awareness of the levels of inheritance tax that may have to be paid by families in the coming years," said Protection manager **Kate Connors** (pictured).

Eight out of ten people don't know what the current inheritance tax rate is, while two thirds of people do not know what the thresholds are.

The tax-free allowance for children is now €310,000, significantly lower than the €542,000 threshold before the financial crisis. For grandchildren, the threshold is only €32,500.

The single biggest element of an inheritance can be the family home, and half of people wrongly think that their family home is totally exempt from inheritance tax. "With strong increases in the value of property and stock-markets over the last five years, thousands of people risk leaving big tax bills behind for their family to face in the future," Connor added.

"It's concerning to see that so many people think their family home is automatically exempt from inheritance tax when passing it on to children or grandchildren. Although many people intend to leave significant amounts to their children and grandchildren, most of them are unaware that those family members could be liable for a very substantial tax bill on those inheritances."

The company gives the example of a house in south Dublin valued at €877,000 and which is left to one child. With an inheritance tax rate of 33% on the €567,000 above the threshold of €310,000, the inheritance tax bill would be €187,110.

And if a grandparent were to leave a Cork house valued at €274,000 to one grandchild, the taxable value would be €241,500 and tax bill would come to €79,700.

Irish Life markets a Section 72 Life Insurance plan, which is designed to pay the estate inheritance taxes.